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Doing the right thing

Joseph Latini of MUFG Investor Services on keeping clients happy, cultivating a positive work culture and trusting the process

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Lead news story

Droit partners with FINBOURNE to deliver reporting solution

Droit has partnered with FINBOURNE to launch an end-to-end position reporting solution in an effort to increase regulatory transparency.

The new offering will leverage FINBOURNE's financial data management platform LUSID (Liberated Unified Secure Investment Data-Machine), embedded with Droit's Position Reporting product, which delivers clear determination of reporting obligations based on consensus interpretations of requirements from Endoxa.

With FINBOURNE's data transformation capabilities, the new end-to-end solution maps the multiple data inputs needed to evaluate reporting obligations and simplifies workflow interactions via an intuitive interface, mitigating operational, cost, and complexity challenges.

Thomas McHugh, CEO and co-founder of FINBOURNE Technology, says: "Integrating Droit into LUSID means that together we are able to deliver a complete solution for position reporting.

"This partnership enhances our ability to safeguard asset managers by making sense of shareholder disclosure data when it comes to complex trading books and provide a level of granular reporting detail that is unmatched in the industry."

Brock Arnason, founder and CEO of Droit, comments: "By partnering with FINBOURNE, we are able to leverage consensus interpretation and industry best practice for position reporting for all market participants. The asset management industry can directly benefit from the experience of their sell-side counterparties." ■

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TMX Group and Clearstream launch Canadian Collateral Management Service

TMX Group and Clearstream have launched the Canadian Collateral Management Service (CCMS).

The new offering facilitates the collateralisation of securities finance activities throughout the Canadian market. It also provides domestic triparty repo capabilities, which aim to increase liquidity and minimise exposure risk.

The trades were conducted by BMO, CIBC, RBC, Scotiabank, and TD.

Harri Vikstedt, senior policy director at Bank of Canada, and co-chair of Canadian Infrastructure and Market Practices Advisory Group, says: "The introduction of CCMS will promote a well-functioning money market and modernise the Canadian repo landscape.

"It will help the development of an active two-sided term repo market which will support liquidity in cash products."

Further automation capabilities will be enabled over the coming months, the firm says.

In addition, CCMS will be extending its services to corporate cash triparty repo for 'the first time' in Canada, with subsequent expansions into securities lending and the use of equities collateral later in the year.

Steve Everett, head of Post Trade Innovation at TMX Group, adds: "As the Canadian market moves towards T+1, CCMS will also play a pivotal role in supporting this critical transition." ■

AccessFintech joins BNY Mellon to address FX workflow challenges

AccessFintech has joined with BNY Mellon, aiming to bring a joint solution to the market for addressing foreign exchange (FX) workflow challenges ahead of the forthcoming T+1 settlement regulations.

BNY Mellon and AccessFintech are collaborating in an effort to provide clarity on securities trades 'predicted to settle' status.

Clients based on AccessFintech's network will be able to instruct BNY Mellon to broker FX transactions based on these 'predicted to settle' insights before the end of the US trading day, helping to provide the necessary liquidity for international clients trading of US securities.

Jason Vitale, head of Global Markets Trading at BNY Mellon, says: "Our collaboration with AccessFintech will provide clients the ability to leverage our recently launched Universal FX platform to fund their T+1 settlement activity in an efficient and transparent manner." ■

TMF Group licensed in Ireland

TMF Group Fund Operations (Ireland) has been granted authorisation to provide fund administration and transfer agency services to alternative funds by the Central Bank of Ireland.

The licence follows the acquisition of Goodbody Fund Management in October 2023. This will allow the provider of compliance and business administration services to provide fund services support to private capital clients.

Daniel Max, head of global solutions at TMF Group, comments: “Securing this additional licence will enable us to accommodate an even broader spectrum of investment strategies for our clients.”

TMF Group’s James Coughlan, market head of British Isles and Ireland, and Kevin Doyle, head of funds for UK and Ireland, add: “Regulatory approval from the Central Bank of Ireland to provide fund administration services is a significant milestone and speaks to our strategy of aligning our range of fund solutions to the needs of our global client base.” ■

Marathon selects Zodia Custody as international digital asset custodian

Marathon Digital Holdings has selected Zodia Custody to provide international digital asset custody services.

Zodia Custody will provide its services for the Bitcoin miner’s holdings outside of the US. The partnership aims to deliver additional risk management assurances including insolvency-remoteness and secure cold-wallet storage.

Julian Sawyer, CEO of Zodia, comments: “Marathon is a great example of how the entire [digital asset] ecosystem should move forward. We share many of the same values and ambitions for the future of the ecosystem.” ■

AYA Bank goes live with SmartStream's digital payments solution

SmartStream has completed the implementation of its TLM Reconciliations Premium Digital Payments Control solution within AYA Bank, a Myanmar banking institution.

SmartStream's solution aims to streamline various tasks including reconciliations, settlement, fee computation, and dispute resolution.

Through the use of AI capabilities, the solution aims to facilitate system adoption and management of the bank's transaction lifecycles to enable AYA Bank to mitigate risks and reduce operational expenses.

Yvonne Nang Saw Kham Phyu, director and head of cards and payment services at AYA Bank, says: "This system not only addresses our current operational needs with real-time operational insights, but also strategically positions us for future expansion and emerging challenges."

Radha Pillay, regional director of APAC at SmartStream, comments: "We understood AYA Bank's specific operational requirements and onboarded them to our TLM OnDemand Digital Payments Control service within the agreed time and budget.

"Our solution leverages an advanced reconciliations engine that automates transaction validation and replaces manual interventions with an automated exceptions management process. This ensures the prompt resolution of discrepancies, enhancing overall operational efficiency and future-proofing the bank with high levels of automation, enhanced risk controls, improved customer satisfaction and better scalability." ■

CIBC Mellon collaborates with Duco Technology

CIBC Mellon has collaborated with Duco Technology to lower operational risk, streamline processes, and empower finance and operations teams.

Mal Cullen, CEO of CIBC Mellon, says: "The initiative underscores CIBC Mellon's commitment to investing in technology to manage data effectively while reducing operational risk and improving client experience.

"By harnessing AI-based automation, CIBC Mellon ensures that its processes are exception-based and sustainable in the long run." ■

New Silk Road appoints Northern Trust

Northern Trust has been appointed by Singapore-based investment manager New Silk Road to provide outsourced trading via its Integrated Trading Solutions (ITS). The transition to a shortened settlement cycle in the US, Mexico, and Canada on 27 and 28 May from T+2 to T+1, will present challenges for Asia-based asset managers, who are heavily impacted due to time zone differences, says Northern Trust.

As a result, managers have had to outsource their trading functions in preparation for the transition, Northern Trust explains.

Gerard Walsh, global head of client solutions, banking and markets at Northern Trust, says: “T+1 introduces significant market timing challenges to investors and managers in Singapore and New Silk Road has a strong understanding of the issues involved in this change.

“Northern Trust is very pleased to be working with New Silk Road to ensure their US dollar execution, trade matching, clearing, settlement process, and trade-related foreign exchange are managed as a single lifecycle.” ■

Guernsey Finance opens office in London

Guernsey Finance has opened a new office in central London with an aim to facilitate the work they carry out, promoting and connecting the island’s finance services sector to key markets.

The move follows Guernsey Finance’s recent Frontier Economics report — ‘The Value of Guernsey’s Financial Services Industry to the UK Economy.’

The office in Petty France, close to Westminster, aims to provide the team with a base during the UK’s General Election year in an effort to ensure that the voice and contribution made by Guernsey to the UK economy is recognised. ■

Ocorian launches automated AML module

Ocorian has launched an automated online anti-money laundering (AML) system. The new system follows the Financial Conduct Authority's (FCA) calls for a further collaborative approach to tackle crime. The new module, FinCrim, is part of Ocorian's proprietary solution The Gateway, and enables clients to do their entire onboarding in a singular place.

The system is designed to be configurable for individual client needs, and uses automation technology to provide an end-to-end service, from onboarding through to ongoing checks.

Joe French, managing director and head of financial crime at Ocorian, says: "The FCA is calling for a collaborative approach to tackling financial crime, and wants firms to be bolder in how they engage with new technologies to keep up with emerging risks." ■

Amwal Capital Partners implements Broadridge

Amwal Capital Partners has implemented Broadridge Financial Solutions' investment management technology to enhance its portfolio and trade order management operations.

The Dubai-based alternative investment firm is now live on Broadridge's investment management platform, which provides the firm portfolio, order, and risk management.

The platform also allows for visual analytics, and performance attribution.

Samer Sarraf, senior executive officer and director at Amwal Capital Partners, says: "The Broadridge platform has helped us to successfully streamline our operations and allow us to continue delivering on each of our clients' individual requirements."

Mike Sleightholme, president of Broadridge International and head of asset management solutions, adds: "We are delighted to provide Amwal Capital Partners with the technology they need to drive new efficiencies and automate their key processes, allowing them to make better-informed investment decisions and effectively manage their overall risk." ■

Doing the right thing

Jack McRae speaks to Joseph Latini, chief commercial officer at MUFG Investor Services, about keeping clients happy, cultivating a positive work culture and trusting the process

Joe Latini is a lot like Ted Lasso. The fictional character, created and played by Jason Sudeikis, who overcomes the challenges and scrutiny faced with being an American football coach managing an English football team with positivity, humour, and optimism.

The same unwavering passion and can-do attitude displayed by Lasso in the television series can be seen immediately in Latini. The chief commercial officer at MUFG Investor Services is full of energy and vigour as he explains: "Trust the process is the code that I live by. You have to trust that by doing the right thing, it will most certainly always work out.

"It's the Ted Lasso effect. I laugh about it, but his character resonates with me because life (and work) is always about treating people the right way and doing the right thing."

Throughout our call Latini discusses his life from childhood to his current position as chief commercial officer at MUFG Investor Services.

He admits, however, that he would not have believed it as a baseball-obsessed child growing up in the United States.

"If you told me as a kid, that I would become the CCO of a big investor services company, I would have laughed and said: 'no, I'm going to be the centerfielder for the New York Yankees'."

Yet, Latini was made for his role and has always been good with people. He remembers how he "grew up sitting at my grandparents' deli watching them as the centrepiece of their community. I watched how they talked and provided food for people, even when they didn't have enough money. They prioritised taking care of people."

This desire to help people led him to his first job as a paperboy, at just 10 years old.

"I woke up early every morning before school and delivered papers to peoples' front porch, exactly where they expected it to be," Latini explains. That's what my parents and grandparents taught me. If you're going to do a job, you better do it right."

It was only once his baseball dreams appeared beyond reach, and his time at school was drawing to a close, that Latini believed the financial services industry was where his future lay.

Latini says: "I was blessed to start my career at Morgan Stanley. I spent 17 years there and learned how to serve clients the right way. I learned to surround myself with good people, work with great clients, and ask a lot of questions. Being in a relationship management role, I was exposed to the blood and guts of everything that was happening in the financial services industry."

Being able to help other people and offer them the support they need has always been in Latini's blood, even if the younger version of him dreaming of playing at Yankee Stadium did not know it yet.

"If you had explained what my role now meant to the younger me, I would have said 'that sounds like something I'd be really good at'. It all comes down to exemplary client service and that was instilled in me from when I was a little boy."

The phone call

After 17 years at Morgan Stanley, Latini left to join a small, start-up technology company and after a couple of years, he got a phone call that changed his career and life.

"I got a call from a close friend who said, 'Joe, MUFG is looking for someone to run the relationship management team in New York'," Latini says.

"After that first meeting, I called my wife and said, 'I'm going to work at MUFG'"

From the first interaction, where Latini met with current chief operating officer McAllister (Mac) Kirschner, he knew he was destined to work there. "After that first meeting with Mac, I called my wife and said, 'I'm going to work at MUFG, there's something special going on there and these people are genuinely good human beings'."

As it has always been for Latini, being surrounded by supportive, positive people is the most important factor in allowing him to find his place in the world. Just as Ted Lasso had found AFC Richmond, Latini had found MUFG Investor Services as the place to shape his and the company's future.

He explains: "CEO John Sergides has been one incredible mentor. He gave me the opportunity to really roll my sleeves up and assess the company's client service model. I dug in and identified what I thought was being done well, areas that could be improved, and then we created the Client Service Management team."

It was through the creation of Client Service Management that Latini and his team began to have a deeper understanding of the needs and wants of their clients — not just from a business perspective, but on a personal level. This approach worked wonders.

"We started to see, year-over-year, exponential growth with existing clients, and so I was asked to lead our global sales organisation. At first, I hesitated — I'm not a salesperson, I'm a relationship guy," Latini laughs. "But I knew that if we stayed true to who we are, I would be all in. We took this relationship approach to prospects, and we started to see this seismic shift in securing new business."

Today, MUFG Investor Services is known for its unique partnership model that includes curating solutions designed to help unlock exceptional value and opportunity for the world's largest public and private funds.

After excelling in his role in charge of global sales, Latini was offered the chance to become the chief commercial officer — and he did not look back.

The glass slipper

But how does Latini and MUFG Investor Services position itself as a fund administrator and asset servicing provider to meet the evolving demands of a growing client base?

Vision and unity.

"When I walked through the doors a little over seven years ago, there was a clear vision of what we were going to do," Latini says proudly.

"Our core business was fund administration, but as a bank-backed business who was truly focused on alternatives, we wanted to offer more, and support our clients' needs across the entire investment value chain. Our executive management team was once in our clients' shoes, so we intimately understand what our client wants and needs."

Along with fund administration and asset servicing, MUFG Investor Services delivers fund financing, banking and payment solutions, securities lending, custody, foreign exchange overlay, and corporate and regulatory services, addressing fund managers' back, middle, and front office needs.

Latini, who exudes a hopeful and humorous demeanour with every anecdote, memory, and analogy, finds another classic story with which to compare his work.

He explains how he and his team have to treat each and every client differently and shape their work according to their needs — as if moulding the slipper for Cinderella.

"When a client calls and they need something, we provide for them. We're in the solutions business. It is like when Cinderella loses the glass slipper and people are jamming their feet into the glass, but it doesn't fit. One size does not fit all. You must craft the right solution."

Integral to finding the right solution for their clients is addressing the issues that are keeping them up at night. Latini believes they must be a partner that their clients can trust to get the job done, no matter what.

Organic growth

MUFG first entered the alternative asset administration business in 2013, and today, MUFG Investor Services is a global leader in asset servicing and one of the largest fund administrators in the world.

Earlier this year, MUFG Investor Services topped the trillion-dollar mark in assets under administration and Latini describes the feat as a big milestone, achieved "through building our business organically by winning new mandates, not via acquisitions. Many fund administrators and asset servicing companies are a collection of various acquisitions, but we're intentional about building our business organically, built around the clients' needs."

Latini points to the company's culture as one of the key reasons why they have been so successful in winning mandates and expanding their business — but also credits the support of MUFG Group management for enabling them to take the reins and develop the business in their own image.

He explains: "The analogy I use is that MUFG is this massive tanker going across the ocean and MUFG Investor Services is the speedboat that can be nimble and get things done, protected by the big tanker behind us.

The challenge ahead

For the MUFG Investor Services team, there are a number of challenges that their speedboat will have to navigate in the coming months. The first is payments and cash management.

"Today you can just check your bank account on your phone. Gone are the days of manually writing and managing a chequebook." The same goes for financial institutions.

Latini explains that MUFG Investor Services is rolling out a user-friendly banking and payments experience for global fund managers. "Our clients will have the ability to be able to have a slick and efficient, yet effective way to centrally manage their payments with their counterparties."

The banking and payments solutions will help clients mitigate risks, reduce costs, and enhance efficiencies across their end-to-end banking and treasury needs.

"MUFG is this massive tanker going across the ocean and MUFG Investor Services is the speedboat that can be nimble and get things done"

Part of the desire for greater technological development comes from the younger, new generation of investors, and Latini knows they must be prepared to meet their needs.

"There's a new generation of investors who are very different to those around 10 to 15 years ago," he explains. "They don't know fax machines — they're expecting a fully digital and seamless way to manage information and conduct business."

MUFG Investors Services uses AI, natural language processing and machine learning to streamline data-gathering capabilities and provide more efficient data processing and workflow. The combination of online forms for data entry, as well as know your customer and anti-money laundering documentation creates a golden source of data that is fed into machine learning flows and is used across the entire investment ecosystem.

The other major obstacle Latini is on the lookout for, is future regulatory updates appearing on the horizon. Yet, he believes MUFG Investor Services is highly prepared to steer their clients through any regulatory storm, for example ensuring their clients have the support they need to successfully navigate the move to T+1 in the US, the SEC changes to private fund regulation, and changes to EMIR and CSDR in Europe, among others.

Location, location, location

"Our global footprint extends across North America, Europe, and Asia Pacific in 17 strategic locations, creating a powerful 'follow-the-sun' model to serve clients," Latini says. "We make sure that staff are located in major financial centres, where there are robust talent pools."

"Many of our clients are seeking access to Luxembourg or Irish funds in Europe. It is important to make sure we have a presence in these locations and understand the jurisdictional regulatory changes coming down the pipeline," he adds.

"That's really who we are. We are different, and we're brilliantly different"

The perception of outsourcing has changed in the last couple of decades and Latini suggests "this change comes in the form of firms seeking expertise to support various needs across the entire fund lifecycle, all from a single provider, and from a trusted partner."

This became evident during the Covid-19 pandemic when people worked from home. Latini says: "It was very hard for some managers to ensure that everything was being done the right way by their internal teams. We got a lot of phone calls asking, 'can you help us out?'. We did not skip a beat in getting them the support and expertise they needed."

Following the pandemic, the alternatives industry is sitting on an unprecedented US$3.9 trillion in unspent capital. How prepared is Latini for this new wave of investment in the space?

He replies: "The alternatives ecosystem has been impacted recently by global geopolitical conflicts, inflation, rising interest rates, and market volatility. Despite this ongoing uncertainty, the scope and scale of the alternatives market is expected to expand significantly in the coming years. Industry studies predict that high-net-worth and mass affluent retail investors, exploring ways to diversify their portfolios, will bring an estimated US$500 billion to US$1 trillion in new capital in the next three years, effectively creating a new marketplace, and bringing a host of operational challenges with it.

"Fund managers will have to decide whether to spend resources in-house to reconfigure their existing operating models — training staff, rebuilding processes, and replacing legacy technology — or to bring in an outsourcing partner to help develop and implement that new model.

"That work runs the gamut from helping with specific process issues to providing a comprehensive review of their operational infrastructure with suggestions for reconfiguring technology, systems, and processes to cut costs and minimise risk.

"This is a natural extension of the role that outsourcing partners already are playing. Fund managers, who once outsourced back or middle office functions such as post-trade settlement or accounting, are increasingly looking for support across the full trade lifecycle to coordinate front office 'decision' functions, including client onboarding, trade execution and investor reporting."

Brilliantly different

"Our chief HR officer, Sarah Mears, is a rockstar," Latini beams. He explains how, MUFG Investor Services under Mears' direction, created a new catchphrase for their employees — 'Brilliantly Different'.

Latini laughs: "When I first heard it, I thought, 'Man, you nailed it!'. That's really who we are. We are different, and we're brilliantly different."

He explains: "We want our people to have a career, not just a job. You keep people by offering them opportunities, giving them a voice, providing a seat at the table, and being part of something special. That's how we've been successful.

"To us, diversity, equity, and inclusion (DEI) is critically important. We want people to come to work and be their true selves. That is what makes us brilliantly different. Not only do we talk the talk, we walk the walk."

There is a clear Lasso-esque approach to work in Latini. The job is important, but doing the job in the right way and with the right people is imperative. His work has not just become an extension of his life, it has become his life.

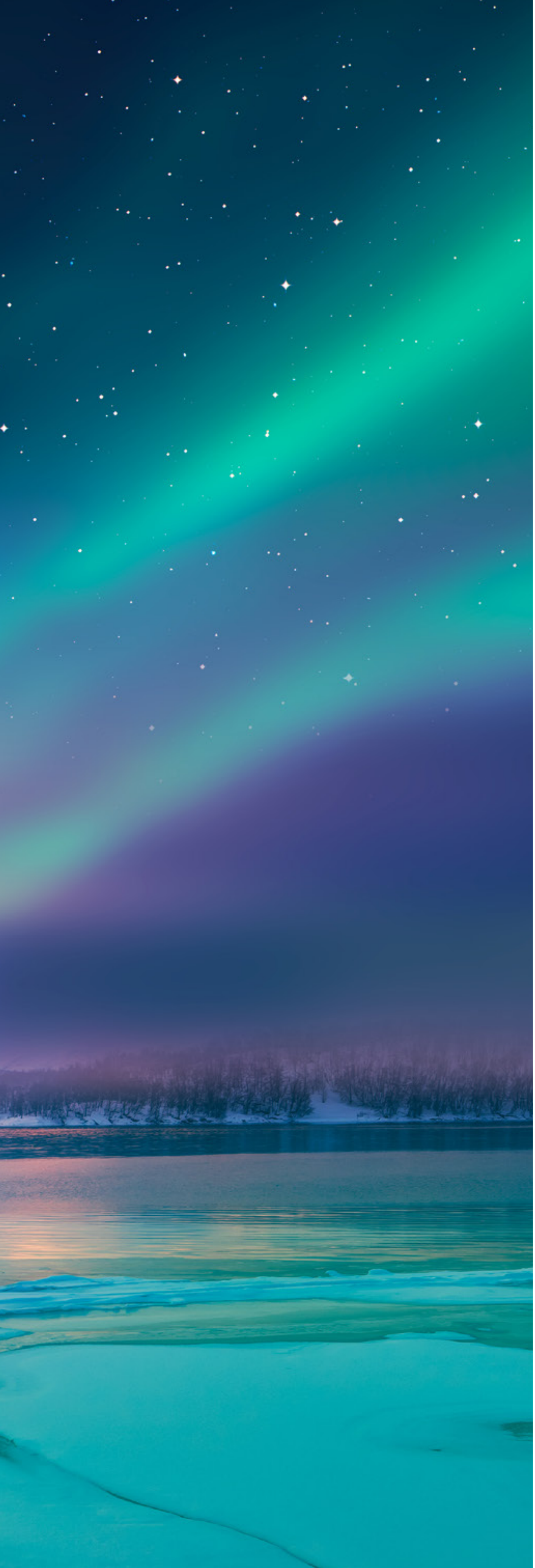
Drawing to the conclusion of our call, Latini's fervour is still tumbling out as if energised by discussing his family, work, and life.

With a final flourish, Latini says warmly: "You can see I truly am passionate about this company. To talk about it is easy because I live and thrive in it every day." ■

Navigating change under the Northern Lights

The evolving landscape of the Nordic market

Klea Neza runs through the changes in the Nordic market over the past two decades, focusing on political reforms, regulations, and technological advancements



Over the past couple of decades, countries in the Nordic region have experienced many changes in the asset servicing world.

The region has transformed into a zone of innovation and financial growth, overthrowing the relatively conservative approach towards financial durability and replacing it with a mixed-market capitalist economic system.

Some argue that the economic transformation in the Nordic market has occurred as a result of technological advancements such as cloud-based technology and AI development.

Others comment on the impact of regulatory reforms incorporated into the region's laws and regulations, particularly following the recessions in Sweden and Finland in the 1990s, as well as the enduring financial distress caused by the 2008 financial crisis.

With all this as a backdrop, how much has the Nordic market actually changed?

Overview of the market

When discussing the 'Nordic market', or 'Scandinavia', we are collectively referring to Denmark, Finland, Iceland, Norway and Sweden — countries that share a geographical region in Northern Europe.

Originally developed in the 1930s, the Nordic Model is an economic system that blends elements of capitalist and socialist ideologies, such as a society that is both economically efficient, but also values social welfare. Over time, the model has undergone changes to promote equality and overall economic well-being, overcoming the conservative, traditionalist approach to nation-building.

The Nordic Model has its strengths and weaknesses, and, accordingly, has had varied impacts on asset services business' over the past 20 years.

A number of companies have entered and exited the Nordic Market in this time. Nordea, for example, entered into a referral agreement with Citi in 2021 after making the decision to exit their sub-custody business. Whereas companies such as Skandinaviska Enskilda Banken (SEB) have seen organic growth over the past 25 years, transforming into a dominant sub-custodian in Northern Europe across the seven Nordic markets.

SEB started as a Nordic regional sub-custodian in 1999 and is currently headquartered in Stockholm, Sweden.

The company has entered a period where technology is evolving, “settlement cycles will become compressed, markets will change their operative models by, for example, joining TARGET2-Securities (T2S) and the CSDs will step up their efforts”, comments Ulf Noren, SEB’s sub-custody and relationship sales manager.

Petra Sjögerås, head of the Nordic Region at asset servicing company Northern Trust, provides further insight into what is shaping the Nordic market.

She states: “The Nordics consist of five different countries, all with their own cultures, languages, pension systems, currencies, regulators and so on. There are a lot of similarities, but in order to be successful you still need to adapt to each of them. Additionally, two of the Nordic countries are not members of the EU, and so have different legislation.”

Regulation and political transformations

The financial crisis and past recessions have historically forced companies to fall into a poor economic state.

Sjögerås comments on the importance of regulations that influence a region’s geopolitics and macroeconomics, and summarises the impact this may have on the asset management industry.

She says: “The need for cost efficiency drives consolidation mainly within the asset management industry. Similar to other regions, the geopolitical and macroeconomic landscape impact everyone and put even more focus on risk management, combined with ongoing reviews in terms of asset allocation strategies and portfolio optimisation — in short providing services to help clients make the most of their assets.

“We take a consultative approach to all of this by reviewing client operating models front-to-back, with the aim of establishing future-proofed operating models from a cost, risk and efficiency perspective, together with high-touch client service, data and system integration that form vital parts of the client solutions we offer today.”

To truly assess the impact of regulations affecting the Nordic market over the last two decades, the recessions of the 1990s must be taken into account. Although some businesses were able to survive and fight their way back to financial stability, others were not able to do so or simply struggled to reposition themselves in the market.

The Nordics are known to be small, open economy countries, and in the past have been highly dependant on international developments such as “policy actions at global level, which they themselves were unable to influence”, as explored in the The Research Institute of the Finnish Economy (ETLA) report, ‘Nordic in Global Crisis, Vulnerability and Resilience.

The ETLA report shows that the 1990s had a particular negative impact on Sweden and Finland as a result of the “high degree of openness [of their economies] and their dependence on export goods, for which the decline in global demand was particularly pronounced”.

However, as a result, Sweden and Finland were able to learn from the recession and apply their new knowledge to the 2008 financial crash.

As stated in the ETLA report: “A second key lesson was that a fixed but adjustable exchange rate, in a world of free capital mobility, is a recipe for disaster. This is why both countries opted for a floating exchange rate at the time, but it is also a main reason why Finland later adopted the euro.”

This knowledge helped guide new policies and reforms, one of which was the change of their monetary unit from the Markka to the Euro in 1999. Euro banknotes and coins were introduced into Finland’s monetary circulation in 2002, prior to which it only existed as ‘book money’ in the country.

These lessons allowed the two Nordic countries to be relatively well prepared for what was to come in 2008.

Their experiences during the banking crisis were considered an important aid to other countries.

Due to this well-preparedness, Sweden and Finland had a strong influence on the way the Nordic countries’ economies ran, having already experienced how a recession could impact their economic systems.

Naturally these broad, macroeconomic shifts, have a more granular impact on the custodian business.

Expectations

Over the course of two decades, it is certain that as businesses evolve, so do their customers' expectations.

Sjögerås suggests that the role of a custodian has seen significant evolution over the last decade. She comments: "While security and safekeeping of assets remain paramount, our role as a critical component in the operating and data model, especially as investment and regulatory complexity have increased, has seen the Northern Trust role evolve to be more integral across all elements of the operating model in the front, middle and back offices."

There has been a notable shift in clients' behaviour and demands over the years, and any challenges have been overcome by the company's 'eyes and ears', according to SEB's Noren.

He comments: "What we are meeting in the medium-term future are changed operating models by, for example, and the introduction of shorter settlement cycles. The impact of T2S will inevitably also change client behaviour and we need to be prepared for that."

SEB has a variety of factors that have contributed to their clients' change in demands, and also note the various number of Account Operator models becoming increasingly in play in the market, which Noren states the company will "need to have a model for, being feasible both for [them] and the cross border client base".

Getting technical

Technological advancements have played a key role in moving the asset servicing industry forward, as seen in Northern Trusts' decision to upgrade their cloud-based insurance accounting and analytics applications.

As further commented on by Sjögerås, an example of technological advancement has been seen in Northern Trust's ability to support their clients evolving needs through their application, Front Office Solutions. She explains that the application allows them to "support all aspects of a client's portfolio, from public to private assets, in a consolidated view."

On the platform, Northern Trust offers a Customer Relationship Management (CRM) system for supporting documents needed for investments in this area, which aims to govern and manage the portfolio while supporting different functions such as risk and compliance.

She confirms: "In this area, Northern Trust has been successful in using AI to build efficiency into the service."

Other companies in the Nordics have adapted to modern systems, such as SEB's use of a single-system. Noren says: "From the very start of the Nordic journey, SEB used one single system with adaptations to local realities by using four instances of the system. It took the Nordic competitors a long time to get there." Some, he says, did not adapt in time.

"The consistency of our sub-custody IT environment has served clients and SEB well, and it has proved to be resilient both in adopting fairly far reaching changes in infrastructure, methodologies and substantial volume increases."

Future outlook

Gazing into the future, the Nordic market seems to be continuously expanding, specifically focusing on the financial institutions that are sub-custodians.

Noren comments on the company's goals and focuses on "2024 and beyond", as the business plans to maintain its involvement in SWIFT, with a significant presence at all organisational levels and across the countries they operate in.

Noren says: "SEB is on an ongoing basis evaluating the composition of its IT framework and is in dialogue with various stakeholders to ensure correct positioning and enable further growth and support for our clients."

It seems that SEB will continue to evaluate and future-proof its IT infrastructure, and adopt complementary solutions.

Despite the challenges faced by the Nordic Model in the last 20 years, events such as the recession and financial crisis have allowed them to learn and guide their economy to what some may say is a more modern and innovative system.

The ongoing changes that have occurred in society have led to Scandinavian countries adapting to the process of altering policies and regulations, becoming what they currently are under the Northern Lights. ■

Deciphering the meteoric rise of India’s capital markets

ION Markets’ Sandeep Sabnani, head of equities product strategy and growth, and Chris Brown, thought leadership content specialist, question what lies ahead for the Indian capital market

India is on the move and it is moving fast. That is what Prime Minister Narendra Modi said recently as he reiterated his aim to make the country the world's third largest economic power if he wins a third term in the upcoming elections.

The momentum and numbers appear to agree with his optimism.

With the IMF expecting India's economy to grow 6.5 per cent this year, an unprecedented wave of digital adoption could open up financial markets to millions. With US$130 billion in planned infrastructure spending, and a comparatively young population, there is an upbeat feeling about the world's most populous nation.

Foreigners and locals alike are buying into the country's growth story in increasing numbers.

The National Stock Exchange of India (NSE), which recently overtook Hong Kong as the fourth largest in the world, has doubled in value in four years, surpassing a market capitalisation of US$4 trillion at the end of 2023. And India is outpacing China in IPOs, according to ION Analytics and Dealogic data.

Brokerages have reaped the rewards of this exponential growth, generating FY2023 revenue of 382 Indian Rupees (US$4.6 billion), while shifting from a transaction-based trading model to a fee-based one, and expanding the services they offer.

But the heavy demand, increased competition from discount brokers, and regulatory changes have created challenges as well as opportunities.

Technology has addressed some of the obstacles and will continue to do so as the industry seeks to tap India's full potential.

The India Stack: Kicking off a retail revolution

A fast growing economy, higher disposable incomes, and a unique digital architecture called the India Stack, have made it easier for millions to invest in shares for the first time.

This infrastructure has been "revolutionising access to finance", according to the IMF. It has given swathes of the population digital IDs (Aadhaar) for the first time, thereby widening access to banking and digital wallets.

A fundamental component of this technological stack is the Unified Payment Interface (UPI).

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This interoperable system on which banks and nonbanks can build apps, allows the fast, cheap, and seamless transfer of payment orders between individuals, companies, and government institutions. People with smartphones have the world at their fingertips.

The UPI has gone from strength to strength in services offered.

In 2022/23 alone, during a period of market volatility, people in India opened almost 25 million demat accounts, which are required to buy and sell shares. The number of demat accounts increased five-fold between 2014 and 2023, while the number of active NSE clients grew nine-fold.

For retail investors, the infrastructure already dominates IPO applications, and India's National Payments Corporation of India is taking it a step further. In collaboration with clearing houses and brokerages, it recently began pilot-testing a UPI for the secondary market.

Given how the India Stack is facilitating investment opportunities for retail investors, demand for equities is set to continue, adding to the pressure on intermediaries operating in India's capital markets.

Soaring passive investment pushes tech case

At the end of November 2023, the Indian ETF industry had 190 ETFs and assets of US$73 billion (versus US$36 billion four years earlier), according to London-based research organisation ETFI. Regulatory changes have helped the growth of ETFs in India, where the 10-year compound annual growth rate is 45.9 per cent.

Retail demand for shares, ETFs, and even derivatives has led brokers to invest in more low-touch trading software and integrated solutions. With retail customers expecting easy to use trading applications on their smartphones, operators must have systems in place to ensure their internal processes are automated as much as possible to handle increased traffic and trade orders efficiently.

Traditional full-service brokerages (FSBs) have had to adapt amid competition from innovative discount and Robo brokers. FSBs need to continue diversifying and offer a whole range of financial services, in addition to producing the traditional, human-intensive research that is important for institutional clients.

New entrants tend to charge zero, flat, or discounted brokerage fees. The new-aged platforms are efficient, algo-driven, and robust.

According to ICICI research: "In the past few years, the cost structure and operational efficiency of brokerages has improved amid higher utilisation of technology."

Evolving regulations, evolving risk

In addition to more intense competition and higher demand, market participants must be prepared for frequent regulatory changes. The scenario reinforces the need for a more holistic approach to technology and the role it can play in managing risk and compliance.

Foreign Portfolio Investors (FPIs), which "help deepen the Indian capital markets for listed securities, bonds, derivatives" according to PWC, face several challenges — from a complex and changeable regulatory framework governing their investments, to differing tax regimes depending on the security and FPI category.

In 2021/22, new SEBI rules on intraday trading came into full force after a phased approach, in what The Economic Times called a "tectonic shift". Rather than collecting minimum margins at the end of the day from clients for leveraged positions, brokers are obliged to collect them upfront. Moreover, clearing houses must ensure that minimum margins are maintained throughout the session, and brokers face penalties if leverage surpasses specified parameters.

Market participants also have to deal with shorter settlement periods for trades, which from 2023 in India must be wrapped within 24 hours (T+1). The US, is of course also moving to this compressed time regime in May. India is already planning to shift to same-day settlement (T+0) and then instant settlement.

For cross-border trades, the situation is more complicated, and T+1 and T+0 leads to more expensive pre-funding.

Making investment more attractive

Authorities have undertaken reforms to make investment easier. These include single-window clearances, simplified approvals, tax changes, broadening the parameters of what financial investors can put their money in, and recategorising FPIs.

Making the country a global financial centre, a technology superpower, and luring more foreign direct investment and money from wealthy non-resident Indians are government priorities.

One project that encapsulates this drive is GIFT City (Gujarat International Finance Tec-City) in Gandhinagar, western India.

Its inception dates back to 2008 when Prime Minister Modi was chief minister of the state of Gujarat, and it aims to establish a technology and financial hub to compete with Singapore and Dubai.

To encourage funds and capital markets firms to open offices in GIFT City's International Financial Services Center (IFSC), the government established tax incentives and a unique financial authority (the IFSCA), which has a holistic, inter-regulatory vision.

The project is growing and last year an agreement was struck whereby US$7.5 billion in derivatives trading shifted from Singapore to GIFT City.

Tech is the answer

Nevertheless, GIFT City aside, regulatory pressures and changes can be immense for firms in capital markets, and any efficiencies in internal processes must be ironed out to save costs in the long term. More automation will reduce the risk of human error and trades falling through, which can be costly. This is essential for market participants as momentum builds for equities and passive investment strategies such as ETFs among India's growing middle classes, and as the country continues its drive to lure more foreign investors.

Brokers who work with multiple systems or legacy infrastructure will struggle to manage the complexity of markets, both locally and abroad. Those who leverage integrated trading solutions to streamline workflows, from order and execution to settlement, and manage risk and compliance will have a competitive advantage.

As financial literacy and smartphone use expand, and if economic growth can bring prosperity to many more Indians, then capital markets need to be prepared to scale. Investment in cloud-based technology will be critical in order to tap this potential. ■

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Gen II Luxembourg selects Browne

Gen II has appointed Richard Browne as head of client services.

Based in Luxembourg, Browne will be responsible for enhancing client satisfaction, loyalty and retention, as well as achieving operational excellence, driving continuous improvement, and contributing to the overall success and growth of the business in Europe and globally.

Prior to his new role, Browne served as deputy CEO and head of private asset fund administration at Credit Suisse Fund Services Luxembourg for four years.

Before this, he worked as managing director, director of operations, and other roles at Citco Fund Services Luxembourg (and Guernsey).

Commenting on his new role via LinkedIn, Browne says: “[I am] thrilled to embark on a new journey as Head of Client Services at Gen II Fund Services Luxembourg! Looking forward to leveraging my expertise to drive innovation and growth.”■

HSBC names Kerr as global head of funds services

HSBC has appointed Julie Kerr as global head of funds and trustee services. Kerr leaves Citi to become a member of HSBC’s Securities Services executive committee.

Kerr will be based in Hong Kong and report to Fiona Horsewill, HSBC’s global head of Securities Services.

Kerr has over three decades of experience within the asset servicing and management sector. She spent five years at Citi where she was most recently APAC co-head of sales for securities services.

Xceptor welcomes Keith Man as general manager

Xceptor has appointed Keith Man as general manager for the APAC region.

Based in Singapore, Man will be responsible for expanding Xceptor’s sales, business development and operations in the region, while advancing growth into new markets and segments.

Prior to this, Man most recently served as head of APAC at Duco and has also held senior roles in Standard Chartered Bank and TriOptima (now part of OSTTRA).

Michiel Verhoeven, CEO of Xceptor, says: “The APAC region is dynamic and has tremendous potential. We have made a strategic decision to continue investing in the APAC region to ensure we are well-positioned to serve our clients effectively.

“While we see some firms scaling back, we believe in the long-term growth potential of this market, and are delighted to welcome Keith to the Xceptor team as we embark on a new chapter of growth in this dynamic region.”

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Charles River appoints Baht

Charles River Development (CRD) has welcomed Vinayak Baht as senior vice president and head of APAC. In the role, he will be responsible for all business oversight within the region and collaboration with State Street Alpha.

Baht joins Charles River from FactSet Research Systems, where he was head of APAC.

Prior to this, Baht spent a decade at Tata Consultancy Services.

Spiros Giannaros, CEO and president of CRD, comments: "In addition to his responsibilities for Charles River APAC, Vin will have client and commercial oversight of the Middle East and take on committee chair for a newly formed Alpha APAC executive committee.

"Vin's primary location is Singapore, which allows him to work closely with the broader State Street organisation on go-to market initiatives and client servicing."

Commenting on his new role, Baht says: "I am delighted to be joining CRD at a time of exceptional demand and excited to work closely with our Charles River and State Street Alpha clients, continuing our open partnership model that has been at the core of our success. I look forward to working with my new colleagues to build on growth and expansion in the region." ■

Change of CEO at Taskize

Phillip Slavin has stepped down from his post as CEO of Taskize, 12 years after founding the company. Taskize's head of business development, James Pike, has been appointed as interim CEO.

Slavin announced the news on LinkedIn, saying: "Taking Taskize from literally an idea to a globally recognised brand has been an incredible journey and I have made many great relationships along the way. I now look forward to my next challenge."

Taskize was acquired by Euroclear over two years ago, and the post-trade issue resolution network almost doubled its client base under Slavin's leadership.

Antonio Queiroz, chief digital officer at Euroclear and chairman of Taskize, says: "[Slavin] has worked tirelessly to cement Taskize's position as Euroclear's preferred client service channel."

Philippe Laurensy, head of product, strategy and innovation at Euroclear, adds: "We look forward to continuing to support the next phase of the Taskize growth story which is to further align its intercompany workflows and ecosystem to Euroclear's data-enabled services strategy."

Ferguson retires from CIBC Mellon

Rob Ferguson is to retire after more than 35 years in the financial industry, including a 28-year term with CIBC Mellon. He departed from the Canadian investment services firm on 3 May 2024, ending his career as chief capital markets officer at the company.

Ferguson joined CIBC Mellon at the beginning of the joint venture between the Canadian Imperial Bank of Commerce and the Mellon Financial Corporation in 1996.

Originally joining the firm as a client service manager in securities lending, Ferguson has been instrumental in growing the firm's capital markets business and has been a key contributor to the leadership team.

Ferguson is known by the company to advocate for employees, and has been a sponsor for a number of employee initiatives, including mentoring.

Commenting on his departure, CIBC Mellon CEO Mal Cullen says: "On behalf of the leadership team and all colleagues at CIBC Mellon, I would like to thank Rob for his contributions to our organisation.

Burke joins MarketAxess for emerging markets

MarketAxess has appointed Dan Burke as global head of emerging markets (EM). As global head of EM, Burke will be responsible for the development and execution of business strategy for emerging markets in both hard currency and local markets.

Reporting to Raj Paranandi, he will lead business and product management expansion of the company's EM trading business across geographies and products.

Previously, Burke was global head of electronic and algo trading at Standard Chartered, where he focused on the automation of the firm's credit offering, and entry into algorithmic market making and portfolio trading.

Before this, he held several senior credit trading roles at Deutsche Bank in Singapore, and at Bank of America Merrill Lynch in Tokyo and Hong Kong.

Paranandi, chief operating officer for EMEA and APAC at MarketAxess, comments, "Burke brings a wealth of emerging markets experience and a valuable dealer perspective to MarketAxess at a time when adoption of and appetite for electronification of the asset class has grown significantly." ■